

## NATIONAL DAIRY MARKET AT A GLANCE

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKET (6/18):**  
**BUTTER:** Grade AA closed at \$2.0250. The weekly average for Grade AA is \$2.0533 (+0.1183).

**CHEESE:** Barrels closed at \$1.7700 and blocks at \$1.8000. The weekly average for barrels is \$1.7700 (N.C.) and blocks, \$1.8000 (N.C.).

**NONFAT DRY MILK:** Extra Grade closed at \$0.9200 and Grade A at \$0.9200. The weekly average for both Extra Grade and Grade A is \$0.9200 (N.C.).

**BUTTER:** The butter market tone remains firm. Churning activity across the country is mixed. Cream supplies are available from local and out of areas sources, although butter producers are cautious about cream procurements in a firm price situation. Less standardized cream is available and Class II production is heavier. Some butter producers are selling some of their cream supply as prices continue to firm. Butter stocks are available for the fair demand. Additional butter stocks are being held with confidence as many producers and handlers feel that supplies will be limited for late summer and fall needs. Retail demand is fair at best. Firm prices at the retail shelf appear to be causing buyer resistance. Food service orders are increasing slowly as more resort/vacation areas open for the summer.

**CHEESE:** The cheese market is unsettled with a weak short term undertone. Current spot cheese interest remains light and just for replacement needs. Some sellers have discounted prices to stimulate sales. Some extra milk is being put into cheddar production for possible clearance on the Chicago Mercantile Exchange cash cheese market. Other producers continue to limit outside milk purchases. Plant inventories remain heavy with warehouse supplies also growing. On June 11, CCC announced the purchase of between 79,200 pounds and 316,800 pounds of Kosher process cheese for July 2004 – June 2005 delivery.

**FLUID MILK:** Class I sales are slow due to the closing of remaining schools for the summer and current high retail milk prices. Manufacturing plants continue to operate on extended schedules though often lighter than recent weeks. Warmer weather is stimulating cream demand, particularly from ice cream operations. Milk production is steady to lower east of the Rockies. More noticeable declines in milk receipts have reduced manufacturing schedules in the Carolinas and other parts of the South. However, production has held up better than normal in Florida. Receipts in the Northeast are declining. In the upper Midwest levels seem to be holding though fat tests are lower. Warmer summer weather has caused intake declines in Arizona and New Mexico, though little impact has been noticed yet in California. Receipts are holding near peak levels in the Pacific Northwest and are increasing in Idaho and Utah.

**DRY PRODUCTS:** Price pressure caused by heavy manufacturing schedules on most dry products continues to affect the powder markets. The NDM markets are steady to weak. Slow Class I sales have diverted more milk through separators with more powder being dried. Some NDM is being discounted to compete with government resale lots. Buyers are reluctant to make purchases beyond immediate needs. The buttermilk market is about steady though some within the price range changes were noted. Churning remains heavy. More buttermilk is being sold as condensed to alleviate dryer limitations caused by heavy NDM schedules. Dry buttermilk stocks remain limited with some extra loads held to meet later year commitments. The whey markets are unsettled to weak. Supplies are accumulating due to heavy seasonal cheese production. Interest is light as many buyers expect additional price declines may occur. Some export buyers are also resisting purchases at current prices. The WPC market is mostly steady. Tight supplies are offset by light interest. Production is steady.

**CCC:** For the week of June 14 - 18, CCC purchased 5,867,036 pounds of nonfortified NDM for the Export Donation Program under Invitation 080 to Announcement FMP1.

**FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS):** Under the Federal milk order pricing system, the base price for Class I milk for July 2004 is \$17.95, down \$3.18 from June. This price is derived from the advanced Class III skim milk pricing factor of \$10.95 and the advanced butterfat pricing factor of \$2.1088 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for July is \$7.03 and the Class II nonfat solids price is \$0.7811 per pound. The following are the two-week product price averages: butter \$1.8723, nonfat dry milk \$0.8500, cheese \$1.8683, and dry whey \$0.2942.

**JUNE MILK SUPPLY AND DEMAND ESTIMATES (WAOB):** Milk production forecasts for 2003/04 and 2004/05 are little changed. A slower decline in cow numbers is more than offset by slower-than-expected growth in output per cow, resulting in a fractional reduction in the 2003/04 milk production forecast. Forecast milk production 2004/05 is raised due to the slower rate of decline in cow numbers. Relatively strong prices are expected to limit CCC net removals. Milk prices are forecast to moderate from their recent highs as product prices have been declining. Consequently, price forecasts from 2003/04 are reduced. For 2003/04, Class III prices are forecast at \$15.25-\$15.45 per cwt. and the Class IV price at \$12.20-\$12.50. The all milk price is forecast at \$16.00-\$16.20. For 2004/05, the all milk price is raised slightly.

**MAY MILK PRODUCTION (NASS):** Milk production in the 20 major States during May totaled 13.0 billion pounds, down 0.1% from May 2003. April revised production, at 12.6 billion pounds, was down 0.8% from April 2003. The April revision represented an increase of 4 million pounds from last month's preliminary production estimate. Production per cow in the 20 major states averaged 1,684 pounds for May, 13 pounds (+0.8%) above May 2003. The number of cows on farms in the 20 major states was 7.72 million head, 71,000 head less (-0.9%) than May 2003, and 5,000 head less than April 2004.

**MAY FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS):** During May, about 6.9 billion pounds of milk were received from producers. This volume of milk is 37.9% lower than the May 2003 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is -2.3%.) About 3.5 billion pounds of producer milk were used in Class I products, 10.5% lower than the previous year. Calendar composition had a negative impact on milk used in Class I in 2004 as compared to 2003. The all-market average Class utilizations were: Class I = 50%, Class II = 18%, Class III = 10%, and Class IV = 22%. The weighted average statistical uniform price was \$19.34 per cwt., \$2.86 higher than last month, and \$8.42 higher than last year.

**ERRATA:** In last week's report, the "April Fluid Milk Sales" contained some incorrect data. The monthly and year-to-date percent changes from the previous year for individual and total fluid milk products were incorrect. This fluid milk sales summary is being carried again this week. (See Page 8). Sales of packaged fluid milk products were 0.3% lower than April 2003; 1.3% lower after adjusting for calendar composition.

## \*\*\*\*SPECIAL THIS ISSUE\*\*\*\*

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CHICAGO MERCANTILE EXCHANGE  
CASH TRADING

PRODUCT	MONDAY JUNE 14	TUESDAY JUNE 15	WEDNESDAY JUNE 16	THURSDAY JUNE 17	FRIDAY JUNE 18	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.7700 (N.C.)	\$1.7700 (N.C.)	\$1.7700 (N.C.)	\$1.7700 (N.C.)	\$1.7700 (N.C.)	(N.C.)	\$1.7700 (N.C.)
40# BLOCKS	\$1.8000 (N.C.)	\$1.8000 (N.C.)	\$1.8000 (N.C.)	\$1.8000 (N.C.)	\$1.8000 (N.C.)	(N.C.)	\$1.8000 (N.C.)
NONFAT DRY MILK							
EXTRA GRADE	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	(N.C.)	\$.9200 (N.C.)
GRADE A	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	(N.C.)	\$.9200 (N.C.)
BUTTER							
GRADE AA	\$2.0600 (+.0800)	-----	\$2.0750 (+.0150)	-----	\$2.0250 (-.0500)	(+.0450)	\$2.0533 (+.1183)

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, JUNE 14, 2004

CHEESE — SALES: 9 CARS BARRELS: 1 @ \$1.7525, 1 @ \$1.7600, 1 @ \$1.7575, 1 @ \$1.7500, 1 @ \$1.7700, 1 @ \$1.7575, 1 @ \$1.7600, 1 @ \$1.7650, 1 @ \$1.7700; 22 CARS 40# BLOCKS: 3 @ \$1.7900, 1 @ \$1.7875, 2 @ \$1.7900, 1 @ \$1.7975, 1 @ \$1.8000, 3 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.7700

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 24 CARS GRADE AA: 1 @ \$2.0200, 4 @ \$2.0300, 5 @ \$2.0400, 1 @ \$2.0450, 4 @ \$2.0500, 2 @ \$2.0475, 1 @ \$2.0500, 1 @ \$2.0525, 1 @ \$2.0500, 1 @ \$2.0550, 1 @ \$2.0575, 1 @ \$2.0600; BIDS UNFILLED: 11 CARS GRADE AA: 2 @ \$2.0550, 2 @ \$2.0525, 1 @ \$2.0500, 1 @ \$2.0475, 2 @ \$2.0400, 2 @ \$2.0300, 1 @ \$1.9800; OFFERS UNCOVERED: NONE

TUESDAY, JUNE 15, 2004

CHEESE — SALES: 6 CARS BARRELS: 1 @ \$1.7675, 1 @ \$1.7700, 1 @ \$1.7650, 1 @ \$1.7700, 1 @ \$1.7675, 1 @ \$1.7700; 12 CARS 40# BLOCKS: 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JUNE 16, 2004

CHEESE — SALES: 17 CARS 40# BLOCKS: 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.8000; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.7700

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 22 CARS GRADE AA: 2 @ \$2.0700, 3 @ \$2.0650, 1 @ \$2.0675, 1 @ \$2.0700, 4 @ \$2.0675, 1 @ \$2.0700, 1 @ \$2.0725, 6 @ \$2.0675, 1 @ \$2.0700, 1 @ \$2.0725, 1 @ \$2.0750; BIDS UNFILLED: 7 CARS GRADE AA: 2 @ \$2.0675, 2 @ \$2.0650, 2 @ \$2.0625, 1 @ \$2.0600; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$2.0750, 2 @ \$2.0800, 1 @ \$2.1200

THURSDAY, JUNE 17, 2004

CHEESE — SALES: 9 CARS 40# BLOCKS: 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.8000; OFFERS UNCOVERED: 3 CARS BARRELS @ \$1.7700

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JUNE 18, 2004

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.7675, 1 @ \$1.7700; 22 CARS 40# BLOCKS: 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000, 1 @ \$1.7975, 1 @ \$1.8000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS @ \$1.7700

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 14 CARS GRADE AA: 3 @ \$2.0000, 2 @ \$1.9950, 1 @ \$1.9975, 2 @ \$2.0000, 1 @ \$2.0025, 1 @ \$2.0075, 1 @ \$2.0100, 1 @ \$2.0200, 1 @ \$2.0225, 1 @ \$2.0250; BIDS UNFILLED: 3 CARS GRADE AA: 2 @ \$2.0200, 1 @ \$2.0175; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$2.0350, 1 @ \$2.1200

**BUTTER MARKETS****NORTHEAST**

The butter price at the CME (through 6/14) has increased six straight sessions and the market tone remains firm. Last week, fluid cream offerings tightened due to improved Class II demand and churning activity slowed in the East. However, now that the CME butter price is again over \$2.00, some Class II cream users may ease their spot purchases. Butter stocks are more than adequate for current needs, but inventories are being held with confidence. Most contacts fear shortages later this summer and are trying to have enough on hand to carry them through the late summer, early fall months. Retail sales are still lagging typical levels due to pricing. Food service orders are increasing slowly as more resort/vacation areas open for the summer. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 5.5 cents over the CME price/average.

**CENTRAL**

The market tone remains firm. The cash price has firmed over \$.30 per pound in the last three weeks. The current midweek price of \$2.0750 compares to \$1.9800 last week and \$1.1100 one year ago. Churning activity is mixed. Some butter operations are taking advantage of additional cream offerings, but are also cautious about cream procurements in a firm price situation. Cream offerings are somewhat more available from outside sources, although prices and pricing multiples are increasing. Stocks of butter for current needs are readily available, but lighter than desired supplies for late summer and fall needs are still a major concern for many butter producers and handlers. Butter demand is fair at best.

Retail orders continue to be placed for basically short term or replacement needs. Firm prices at the retail shelf appear to be causing buyer resistance. Food service orders are seasonally steady at fair levels. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

**WEST**

Cash butter prices at the CME have increased 30 1/2 cents in the last seven trading sessions and now stand at \$2.0750. Western contacts note that the market has increased with both bids and offers involved in the trading. Some are a little surprised at the speed and magnitude of the increase. Prices were over \$2 in mid-May and are back there again in mid-June. Contacts agree that butter supplies will remain tight this summer, but they wonder if prices above \$2 are sustainable into the fall. Quite a bit less cream is available to the churns now compared to the period just prior to the Memorial Day weekend. Less standardized cream is available and Class II item production is much heavier. Retail sales of print butter continue to lag a year ago, but food service orders seem to be fair. CME weekly butter stocks increased by 2.0 million pounds this past week to stand at 106.4 million pounds. Stocks have increased by 13.6 million pounds over the last four weeks compared to 5.3 million pounds for the same period in 2003. Current prices for bulk butter range from flat market to 5 cents under based on the CME with various time frames and averages.

**NASS DAIRY PRODUCT PRICES****U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
JUNE 12	1.8642	1.8010	0.8516	1.8859	0.2936
	8,541,633	11,162,561	22,320,399	2,980,808	11,171,196

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

For the second week in a row, prices are unchanged. The market tone is a little unsettled in that the trading at the CME indicates that buyers or one buyer are trying to keep the 40# block price at \$1.80. Sales at the CME have been heavy. Since May 21, when blocks first hit \$1.80, 236 cars of blocks have been sold (all but one on offers). During that same time, 64 cars of barrels were traded with only five based on bids. Nationally, this would indicate that current cheddar cheese is readily available or that the buyers are using the CME as their source of supply rather than going direct to the producers. Current cheese output in the Northeast ranges from steady to up slightly as some operations are re-adding a day to weekly production schedules. Other plants continue to operate daily. Demand for cheese ranges from slow to fair. Best interest is for process cheese in the food service channels. Retail sales are seldom better than fair due to price resistance.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.8675-2.3825
Cheddar Single Daisies	:	1.8250-2.3000
Cheddar 40# Block	:	1.9400-2.2000
Process 5# Loaf	:	1.9800-2.1850
Process 5# Sliced	:	2.0000-2.2425
Muenster	:	2.0400-2.2425
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

## MIDWEST

The cheese market is unsettled, with a weak short term undertone. Traders continue to wonder how much cheddar a large buyer will purchase for late summer/fall use on the Chicago Mercantile Exchange. Current cheese demand remains spotty as most buyers continue to order just to cover replacement needs. Few processors and packagers have the orders needed to fill a regular 40 hour operating schedule. Best interest is in specialty varieties such as pepper jack, usually products just made to fill an order. Plant cheese inventories remain heavier than desired and reports indicate outside storage facilities have also been filling. Standardized and most non-standardized process product sales remain seasonally fair at best, perhaps in part due to the frequent wet weather. Mozzarella sales are weak and additional discounting is occurring to try to stimulate sales. Surplus milk volumes continue to decline. Milk intakes are steady to occasionally lower.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.9500-2.4000
Brick And/Or Muenster 5#	:	2.3800-2.4550
Cheddar 40# Block	:	2.1525-2.2800
Monterey Jack 10#	:	2.2650-2.4500
Blue 5#	:	2.5500-3.0900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0975-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3475-2.8300

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

## BUTTER : CHEESE

06/14/04	46,005	:	149,288
06/01/04	43,311	:	146,433
CHANGE	2,694	:	2,855
% CHANGE	6	:	2

## WEST

Cash cheese prices at the CME market continue to hold steady, but it is taking some heavy purchases of offered cheese to make that happen. Many buyers are content to use the cheese that they have on hand until a clear market direction is evident. Some feel that cheese supplies will be tight this summer because milk production will not rebound. Other contacts are not so sure and indicate that they believe that there will be enough cheese to go around. Demand is a little slower than expected and may remain that way until things are sorted out. Cheese plants remain hesitant to purchase outside supplies of milk. Plants, in general, seem to be fuller than anticipated for this time of year. Some Western warehouses indicate that they are just about full. Supplies of under grade cheese are increasing again. Mozzarella offerings are heavier as production of that type of cheese is increasing. Swiss sales are fair for this time of the summer, but are somewhat lighter than anticipated.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.9200-2.1800
Cheddar 40# Block	:	1.9225-2.2750
Cheddar 10# Cuts	:	2.1025-2.3225
Monterey Jack 10#	:	2.1125-2.2725
Grade A Swiss Cuts 6 - 9#	:	2.4500-2.8700

## FOREIGN

Prices and the market tone are unchanged. Demand for foreign type, table cheeses is slowing along seasonal patterns and supplies are adequate for needs. The call for imported cheese for further processing is also easing now that the U.S. cheese price is significantly lower than it was earlier this year.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.2500	: 2.1625-3.6525
Gorgonzola	: 3.6900-5.9400	: 2.4900-2.6750
Parmesan (Italy)	: TFEWR	: 3.5725-3.6825
Romano (Italy)	: 2.1000-3.1500	: -0-
Provolone (Italy)	: 3.4400-5.5500	: 2.1725-2.3975
Romano (Cows Milk)	: -0-	: 3.3600-5.5325
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 2.9500-4.0900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.4500	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.



## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	191	0	207	0	153
SOUTHEAST STATES	0	0	0	0	0	0

Regional Milk Market Administrators announced the following, May 2004 uniform prices: Northeast \$19.84, Mideast \$18.99, Southeast \$20.27, Florida \$22.23, and Western New York (a state order) \$19.18 at the base city or county in the orders. (For the Northeast, Mideast, and Western New York orders, statistical uniform prices are reported.) Milk production is easing from its seasonal peak in most sections of the East. The most notable declines are seen in the Carolina's, the Virginia's and Pennsylvania. Florida's milk production is holding up surprisingly well considering that it is hot and humid. Contacts report that, when possible, farmers continue to add cows to their milk herd. (See uniform price above.) In New England, the milk flow is easing lower along seasonal patterns. Fluid milk supplies, though heavy, are not as burdensome as a few weeks ago. Most school lunch programs are finished for the summer and bottling schedules have been reduced accordingly. Retail sales of bottled milk are just fair as prices are a bigger issue in consumption patterns. Surplus milk volume are moderate to heavy, but most operations do have capacity should it be needed. Contacts indicate that some Middle Atlantic milk is already being moved into the Carolina's to supplement their dwindling supply. It may be several weeks before Florida handlers need to import milk. They are still shipping considerable volumes out of state each week. The condensed skim market is little changed. Supplies are long and demand is steady. The fluid cream market is a little "softer" according to some contacts. Last week everything cleared easily, but this week, more suppliers have extra loads to clear. Ice cream production was heavier last week, but slowing slightly this week now that cream prices are expected to increase. Spot prices are sharply higher this week. The CME butter average last week was up 8.5 cents from the previous week and expected to increase again this week and multiples are also higher. Multiples in the mid 140's were common early this week. Spot interest is fair, but slowing as prices increase. Bottled cream sales are improving as the strawberry season moves into the Northeast. Soft serve mix sales continue to improve as the weather warms and the summer/vacation season gets into full swing. Churning activity is moderate and not as heavy as some producers would like. Others do feel they have enough butter for their needs and are selling cream.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.5349-2.8251
DELIVERED EQUIVALENT ATLANTA	-	2.5542-2.8058 M 2.5929-2.7284
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.6703-2.7090

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9200- .9500
NORTHEAST- CLASS III - SPOT PRICES	- 1.2800-1.3700

## M I D W E S T

Class I demand is slow. Surplus milk interest ranges from about steady to slightly improved as overall volumes seem to decline. Reported spot manufacturing milk prices range from about -\$0.25 to +\$.75 on a light test. Cream interest is excellent, aided by warmer weather. Western loads continue moving into the region to supplement local supplies. Cream multiples are also increasing. Interest is also improved for whipped and sour cream. Most, if not all, plants in the upper tier of states in the region have received their peak annual milk intakes, but levels have only declined slightly from the top. Plant operating schedules remain active. Some operators are still trying to balance orders with milk supplies by selling extra or just not making milk purchases. Fat tests have declined and somatic cell counts are edging higher. Thus far, heat stress has been minimal, though pastures and dry lots remain wet after recent heavy rains (some daily rain totals over 6 inches). Dairy cow slaughter numbers remain well below a year ago as more "tail enders" can make money at this year's higher milk prices. Flooded, wet, unplanted, or partially planted fields due to standing water remain. Weed control has been affected along with increased nitrogen leaching in corn. First cutting harvest has been delayed in many areas. Overall, the hay/haylage quality has been reduced and

many wet fields have an increased number of wheel ruts. Estimated May milk production in selected Midwestern states compared with May 2003 is: Wisconsin 1.92 billion pounds, down 16 million pounds (-0.8%); Minnesota 713 million pounds, off 14 million pounds (-1.9%); Michigan 540 million pounds, up 1 million pounds (0.2%); and Iowa 316 million pounds, down 17 million pounds (-5.1%).

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 54.00- 59.00	\$ 42.00- 45.50
REPLACEMENT HEIFER CALVES	\$300.00-620.00	\$350.00-500.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 53.00- 62.00	\$ 41.00- 50.00

## W E S T

Milk production in the 20 selected states in May totaled 13.0 billion pounds, down 0.1% from last year. Cow numbers are down 71,000 head (-0.9%) from last year and 5,000 head from last month. Cow numbers for these states have been identical for three of the five months surveyed this year at 7.716 million head. Production per cow in May increased 0.8% from a year earlier and was up from the 0.2% increase recorded in April. May output in selected Western states compared to a year earlier are as follows: Arizona +1.6%, California +2.1%, Idaho +2.1%, New Mexico +1.2%, and Washington -1.9%. Cow numbers in these five states in May are up 58,000 head compared to last year while the 20 state total is down 71,000 head. Production per cow in these Western states is either negative or unchanged in four of the five states. The July 2004 Class 1 prices in CALIFORNIA range from \$18.36 in the north to \$18.63 in the south. The statewide average Class 1 price based on production is \$18.41. The average is \$3.68 lower than June 2004 but \$6.60 higher than July 2003. CALIFORNIA milk production at the farm level is showing only limited affects from hotter weather conditions. More heat is expected for the Central Valley in the next week. Nighttime temperatures have still been acceptable but those are also moving higher. Several processors are noting that milk receipts are higher than year ago levels. There are cheese plants that are trying to limit milk intakes to help balance inventories. Butter/powder operations are running on extended schedules to process milk supplies. Fluid milk demand is holding mostly steady at retail, but noticeably lower where schools and colleges have closed. Bottlers are trying to gauge orders ahead of the beginning of July with the announced July Class 1 price decline. Interestingly, the impact of the decline on store prices and media coverage is not expected to be as intense as the recent increases. ARIZONA milk volumes continue to decline on a week to week basis. The effects of hot temperatures are having the most impact on the milking herds. The severity could be more if nighttime temperatures increase. Less outside milk is entering the state for processing. NEW MEXICO milk is slightly lower as hotter, humid weather conditions are impacting milk cows. Levels are reported to be above a year ago and are projected to stay in that area. More milk is leaving the state to supplement needs in the Southeast. Shipments to cheese producers remain down. Class I orders are higher at mid month, which is somewhat of a surprise. CREAM prices are increasing and demand is improving. The CME butter price increases 9.5 cents over the last week and stood at \$2.0750 on Wednesday, June 16. Cream volumes leaving California are higher as the butter price increase is making it cost effective to move. Ice cream production is higher and taking more cream. Other class items are also using more cream. Multiples range from 117 to 129, FOB, and vary depending on class usage and basing point. Milk production in the PACIFIC NORTHWEST is generally steady near the seasonal peak. New crop hay has been helping hold output up, but warmer temperatures are beginning to take a toll on the cows. Dairy quality hay supplies are limited at this time and are more expensive than last year. Much of the first cutting received some rain damage. Many dairymen are looking at the light rain damaged hay as a way to save some money as milk prices are set to decline. Average heifer prices are showing some signs of weakness while top animals are holding steady at near \$2500. Dairy plants in UTAH and IDAHO are noting that milk output is near the peak and in line with earlier expectations. Some operations are glad to see milk output about to slow so that cheese supplies may more closely match up with demand. Those growers trying to make hay this past week have had to deal with scattered showers that have had an impact on hay quality. Some of the hay is getting older as growers hope to miss some of the showers. Heifer prices at a major weekly sale in Idaho are down on average about \$400 from a month ago.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

CENTRAL: Prices are unchanged to lower on a steady to weak market. Extra milk available in response to school closings and seasonal flux is encouraging NDM production. As a result, inventories are in balance to heavier than desired. Some plants are offering loads at a discount to be competitive with aged government stocks that are being resold at prices within and below the range for the light interest. Some traders suspect that supplies will dwindle as summer temperatures affect milk production. Trade activity is light with supplies from the West competitive with Central NDM. High heat trade is mostly contractual for the good interest.

EAST: Eastern prices are mostly unchanged, but there are more reports of lower-priced resale loads being sold. Producers are, for the most part, maintaining their pricing structures, but the premiums that were being asked on any "extra" loads have been reduced or eliminated. Demand is fair at best and stocks are accumulating at most Eastern plants. Producers are not too concerned with this temporary build up as they feel that they will not have to hold it too long. Of course, any storage time will be greatly impacted by the continued volumes of government program NDM on the market. Currently, drying schedules are moderate to heavy, but a little lighter than the past two weeks. Traders continue to comment that a large percentage of their spot business is made with NDM that was once owned by CCC. If buyers do not have contracts with producers, they generally look to the above mentioned NDM to fill their needs, which is often priced more competitively than current output.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .8575 - .9800 MOSTLY: .8800 - .9100  
 HIGHHEAT: .8900 - 1.2000

**NONFAT DRY MILK - WEST**

Low/medium heat NDM ranges are holding mostly steady with a slight increase reported on the bottom end of the range. The market tone continues to be unsettled as more offerings are available and buyers remain reluctant to make extra purchases beyond current needs. Demand from cheese makers remains light as they are using less NDM in manufacturing. The impact is pushing more NDM back on the market at a time when production is seasonally active. Additional "pudding powder" is expected to be on the market in the next few weeks as the pudding contracts are filled. Some producers are completing DEIP and export contracts over the next few weeks and months. There is no information released yet on the new DEIP year program. Stock levels are light to moderate. High heat NDM prices increased slightly on the bottom of the range. Market conditions are fully steady with recent weeks. Buying interest is mostly slow on a seasonal basis. Drying activity is lower at most plants because of the milk volumes that need to be processed.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: .8300 - .8900 MOSTLY: .8400 - .8600  
 HIGHHEAT: .8600 - 1.1200

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 11	\$.8338	11,654,129	0
June 4	\$.8318	12,011,303	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Buttermilk prices are generally unchanged and nominal on a steady market. Heavier stocks are noted in response to heavier churn activity in recent weeks. Producers are generally confident in holding excess supplies in order to satisfy contractual commitments, especially as production is expected to decline during the summer months. Inquiries and interest are light.

F.O.B. CENTRAL: 1.0775 - 1.2700

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged, but some adjustments within the range were noted. Prices in the Northeast remain nominal. The market tone is steady. Churning activity in the East was steady to occasionally heavier. This week, cream suppliers did not clear their cream offerings as easily as they did last week and a few additional loads did find their way to local churns. Dry buttermilk production was mostly steady. Stocks range from light to adequate and demand is steady. Some down graded powder was moving at a discount.

F.O.B. NORTHEAST: 1.0000 - 1.1900  
 DELVDSOUTHEAST: .9800 - 1.2000

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices are unchanged in light spot trading. The market tone is mostly steady. Demand is fair for the current light offerings. Several buyers are still waiting for past due contract loads. Production schedules are mixed. There is more churning occurring, but condensed buttermilk is often being sold to alleviate dryer time issues as NDM needs to be processed. Current stocks for dry buttermilk remain on the tight side with some being held for late contract needs.

F.O.B. WEST: 1.0000 - 1.0650 MOSTLY: 1.0200 - 1.0500

**DRY WHOLE MILK - NATIONAL**

Prices are steady and nominal. The market tone is steady. However, there are more reports of slower demand for both domestic and imported dry whole milk. Imported powder is being offered at or below the bottom of the current price range. Production levels are light to moderate and generally limited to meeting contract shipping schedules.

F.O.B. PRODUCING PLANT: 1.3800 - 1.5000

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2003 - YTD  
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	68,201	MT (150,355,925 LBS)
CHEESE	--	3,030	MT (66,799,938 LBS)

Allocations for the DEIP year beginning July 1, 2003, were announced on August 15 and total 68,201 MT of NDM, 3,030 MT of cheese, and 21,097 MT of butterfat. (These totals are unchanged from last year's program.) This program-year's allocations are again being announced in stages. Stage one allocations are:

NDM -- 22,733 MT, butterfat -- 7,032 MT, and cheese -- 1,010 MT. Stage two allocations are: NDM -- 45,468 MT and cheese -- 2,020 MT. These fill the program-year allocations for these products. The allocation for butterfat announced in stage one remains in place and leaves a balance for future, possible allocations.

**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are generally lower on a weak market. Supplies are heavier than desired at most locations. Resellers are offering whey at prices below the range for the light interest. Buyers are generally resisting current prices as the market is expected to trend weaker. Some contractual users are delaying pick-up of their loads, encouraging heavier than expected supplies in some manufacturer warehouses. Export buyers are resisting current prices from the Central region. Feed users are reselling excess stocks at a discount to the market. Competitively priced permeate may also be encouraging weaker market trends. Whether the market will rebound mid-summer in response to expectedly lower milk volumes is uncertain.

F.O.B. CENTRAL: .2800 - .3000 MOSTLY: .2800 - .2900

**DRY WHEY - NORTHEAST AND SOUTHEAST**

The dry whey market tone is weakening nationally, but holding relatively steady in the East. The Northeast prices remain nominal. Prices are often lower, particularly in the resale market. Producers also report lower prices as many base their contract shipments on the Central market, which has been declining for several weeks. Most Eastern producers continue to report being sold out because of contract commitments. Some lower priced offers from plants that do not have the commonly accepted approval and, in instances in 25 Kg bags, have been reported. This product is reportedly difficult to move in domestic food channels. Buyers are unaggressive as most are delaying spot purchases as long as they can. Most feel that whey prices will continue to move lower until milk supplies tighten. Traders do have whey to offer, but are finding little or no new spot demand. There continues to be spot competition from users who are selling-off some of their Extra Grade inventories. Eastern cheese and dry whey output are light to moderate.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3000 - .3300  
DELVD SOUTHEAST: .3200 - .3250

**DRY WHEY - WEST**

Western whey prices are mixed, moving both higher and lower. Those that have their production levels committed are able to command premiums and feel that they are in good shape. Other operations that have extra stocks on hand are cutting prices to try and move some additional supplies. They are having some success in doing this. New export sales are much more likely nearer the bottom of the range. Production remains heavier than anticipated at a number of operations.

NONHYGROSCOPIC: .2300 - .3300 MOSTLY: .2400 - .2875

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged and nominal on a weak market. Supplies are heavier than the week prior. Buyers are generally resisting purchases as prices are anticipated to move lower, especially in response to weaker Extra Grade whey markets reported. The early weaned pig trade is steady while veal markets are steady to higher.

F.O.B. CENTRAL:  
MILK REPLACER: .2500 - .2850

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged on a mostly steady market. Although supplies are generally reported as tight, market prices are not affected as trade activity is very light. Some plants report that they are turning customers away. Most edible sales are contractual. Feed interest is reduced as buyers await further government announcements of CCC NDM offerings for restricted use. Production is mostly steady. Interest in WPC 80% is reportedly coming to a peak which may or may not affect operations that can switch between 34% and 80%. Off grade supplies are available at some locations for the fair interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .6450 - .6750 MOSTLY: .6450 - .6650

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a steady market. Most manufacturers have offered supplies for the third quarter. Export buyers are often slow to respond. Some export contracts are finalized at steady to slightly higher prices. US suppliers are reportedly competitive with each other in the Asian market. Fuel surcharges are inhibiting some premium prices offered. Domestic buyers are accepting some contracts at steady prices. Higher mesh sized product is reportedly available from Argentina. US stocks are in balance to heavier than desired at some locations.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .2200 - .2700 MOSTLY: .2300 - .2450

**CASEIN - NATIONAL**

Casein markets remain firm. Supplies are limited from most suppliers, thus domestic buyers are often being shorted of their contractual volumes. The production season in Oceania has ended, thus orders are being filled from inventoried stocks. European production is lower as milk volumes clearing to casein operations are lighter than anticipated. The EU Dairy Management Committee, for their upcoming June 24 meeting, has indicated that they will discuss and consider possible adjustments to manufacturing aid for the production of casein. Domestic buyers here in the States feel that the adjustment will not be positive for them and will further firm prices. Under invitation #019, 1,500,015 pounds of government owned skim milk powder was sold back to the trade for the production of casein/caseinates at a price of \$0.33 per pound. This most recent sale is 5 cents per pound less than the previous sale, although some potential producers indicate that \$0.33 is still too high.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.3500 - 2.6000  
ACID: 2.3500 - 2.6500

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Producer stocks remain lighter than a year ago. Demand is steady at slow to fair levels. Production is moderate to heavy depending on region and the availability of surplus milk. NOTE: In last week's comment comparing this year's milk prices to last year, we incorrectly compared the May 2003 Class IV milk price to the May 2004 price. In fact, the comparison should have been between the May 2004 Class IV milk price and the May 2003 Class III. Until May 1, 2004, evaporated milk was a Class III product under Federal orders. We are sorry for any confusion this may have caused.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00  
Excluding promotional and other sales allowances. Included new price announcements.

## JUNE MILK SUPPLY AND DEMAND ESTIMATES\*

Milk production forecasts for 2003/04 and 2004/05 are little changed. A slower decline in cow numbers is more than offset by slower-than-expected growth in output per cow, resulting in a fractional reduction in the 2003/04 milk production forecast. Forecast milk production 2004/05 is raised due to the slower rate of decline in cow numbers. Relatively strong prices are expected to limit CCC net removals. Milk prices are forecast to moderate from their recent highs as product prices have been declining. Consequently, price forecasts from 2003/04 are reduced. For 2003/04, Class III prices are forecast at \$15.25-\$15.45 per cwt. and the Class IV price at \$12.20-\$12.50 per cwt. The all milk price is forecast at \$16.00-\$16.20 per cwt. For 2004/05, the all milk price is raised slightly.

Item	2002/03 1/	2003/04 Projection 1/		2004/05 Projection 1/	
		May	June	May	June
<b>SUPPLY</b>		<b>BILLION POUNDS</b>			
BEGINNING COMMERCIAL STOCKS 2/	11.2	11.0	11.0	8.7	8.7
PRODUCTION	170.4	169.6	169.5	171.5	171.7
FARM USE	1.1	1.1	1.1	1.0	1.0
MARKETINGS	169.3	168.5	168.4	170.6	170.7
IMPORTS 2/	5.0	5.2	5.2	5.1	5.1
TOTAL COMMERCIAL SUPPLY 2/	185.5	184.7	184.6	184.4	184.5
<b>USE</b>					
COMMERCIAL USE 2/ 3/	173.3	176.0	175.9	176.1	176.2
ENDING COMMERCIAL STOCKS 2/	11.0	8.7	8.7	8.2	8.2
CCC NET REMOVALS:					
MILKFAT BASIS 4/	1.2	0.0	0.0	0.1	0.1
SKIM SOLIDS BASIS 4/	8.8	2.6	2.8	3.8	3.9
		<b>DOLLARS PER CWT.</b>			
<b>MILK PRICES 5/</b>					
CLASS III 6/	10.63	15.60-15.80	15.25-15.45	11.85-12.85	11.85-12.85
CLASS IV 6/	10.05	12.30-12.60	12.20-12.50	11.00-12.20	11.00-12.20
ALL MILK 7/	11.91	16.20-16.40	16.00-16.20	13.15-14.15	13.20-14.20
		<b>MILLION POUNDS</b>			
<b>CCC PRODUCT NET REMOVALS 4/</b>					
BUTTER	29	-6	-6	0	0
CHEESE	47	7	7	6	6
NONFAT DRY MILK	719	220	235	320	330
DRY WHOLE MILK	0	0	0	0	0
		<b>QUARTERLY 8/</b>		<b>ANNUAL 8/</b>	
		2004 II	2004 III	2004 IV	2005
<b>MILK PRODUCTION</b>		<b>BILLION POUNDS</b>			
	43.6	41.6	41.8	169.7	172.2
		<b>DOLLARS PER CWT.</b>			
ALL MILK PRICE 5/ 7/	18.95-19.15	16.65-17.15	15.15-15.95	16.20-16.60	13.05-14.05
CLASS III PRICE 5/ 6/	19.10-19.30	16.05-16.55	13.45-14.25	15.30-15.70	11.75-12.75
CLASS IV PRICE 5/ 6/	13.95-14.25	12.30-12.90	11.40-12.40	12.50-13.00	11.10-12.30

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Federal milk order minimum prices. Beginning in April 2003, the price forecasts use the new class price formulas. 7/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 8/ Calendar year basis projection.

\* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-411, World Agricultural Outlook Board, USDA, June 10, 2004.



**CORRECTED - APRIL FLUID MILK SALES****Corrected information shown in bold print.**

During April, about 4.5 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was **0.3** percent lower than April 2003. After adjusting for calendar composition, sales in April 2004 were **1.3** percent lower than April 2003. On an individual product basis, after adjusting for calendar composition, sales of flavored fat-reduced milk increased from April 2003, while sales of whole milk, flavored whole milk, reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, and buttermilk decreased from a year earlier. The timing of the Easter holiday this year had no impact on the change in sales from April 2004 compared to April 2003.

**Editor's Note:** Additional data can be found at <http://www.ams.usda.gov/dvfmoms/mib/in-arealesales.htm>

**ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,  
APRIL 2004, WITH COMPARISONS 1/**

Product Name	Sales		Change from: 2/	
	April	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,481	6,040	<b>-0.7</b>	<b>-0.9</b>
Flavored Whole Milk	70	309	<b>-18.4</b>	<b>-6.4</b>
Reduced Fat Milk (2%)	1,443	5,894	<b>0.7</b>	<b>0.7</b>
Low Fat Milk (1%)	512	2,102	<b>-3.0</b>	<b>-1.6</b>
Fat-Free Milk (Skim)	642	2,617	<b>-1.9</b>	<b>-2.5</b>
Flavored Fat-Reduced Milk	320	1,308	<b>9.5</b>	<b>9.3</b>
Buttermilk	45	181	<b>-2.4</b>	<b>-2.6</b>
Total Fluid Milk Products 3/	4,527	18,511	<b>-0.3</b>	<b>0.0</b>
Total Fluid Milk Products Adjusted 3/ 4/	4,472	18,303	<b>-1.3</b>	<b>-1.2</b>

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see [http://www.ams.usda.gov/dvfmoms/mib/clndr\\_comp\\_rpt.pdf](http://www.ams.usda.gov/dvfmoms/mib/clndr_comp_rpt.pdf)

**PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS  
AND CALIFORNIA, APRIL 2004, WITH COMPARISONS 1/**

Area (Order Number)	Sales		Change from: 2/	
	April	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	787	3,223	-0.1	-0.1
Appalachian (005)	288	1,180	3.6	3.1
Southeast (007)	397	1,605	-1.0	-2.3
Florida (006)	247	1,009	2.1	1.7
Mideast (033)	519	2,137	0.0	-0.3
Upper Midwest (030)	366	1,469	1.5	-0.2
Central (032)	389	1,578	-0.2	0.5
Southwest (126)	353	1,427	1.4	1.4
Arizona-Las Vegas (131)	111	448	1.9	1.8
Western (135) 3/	--	---	---	---
Pacific Northwest (124)	179	720	-1.3	-0.8
California (---)	529	2,143	-0.9	-0.9

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 4/ above.

3/ Effective April 1, 2004, the Western Federal milk order was terminated.

**SOURCE:** Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.



## MAY MILK PRODUCTION

Milk production in the 20 major states during May totaled 13.0 billion pounds, down 0.1 percent from May 2003. April revised production, at 12.6 billion pounds, was down 0.8 percent from April 2003. The April revision represented an increase of 4 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major states averaged 1,684 pounds for May, 13 pounds above May 2003.

The number of cows on farms in the 20 major states was 7.72 million head, 71,000 head less than May 2003, and 5,000 head less than April 2004.

## MAY 2004 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2003	2004	2003	2004	2003	2004	% CHANGE FROM 2003
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	155	155	2,055	2,090	319	324	1.6
CA	1,685	1,720	1,835	1,835	3,092	3,156	2.1
FL	143	138	1,385	1,490	198	206	4.0
ID	400	415	1,870	1,840	748	764	2.1
IL	110	108	1,650	1,620	182	175	-3.8
IN	148	148	1,700	1,700	252	252	---
IA	203	194	1,640	1,630	333	316	-5.1
KY	119	108	1,125	1,155	134	125	-6.7
MI	301	299	1,790	1,805	539	540	0.2
MN	475	460	1,530	1,550	727	713	-1.9
MO	130	124	1,345	1,380	175	171	-2.3
NM	315	327	1,890	1,840	595	602	1.2
NY	677	655	1,570	1,580	1,063	1,035	-2.6
OH	261	262	1,560	1,560	407	409	0.5
PA	580	557	1,600	1,605	928	894	-3.7
TX	320	317	1,600	1,720	512	545	6.4
VT	149	144	1,565	1,565	233	225	-3.4
VA	115	102	1,370	1,460	158	149	-5.7
WA	244	240	1,975	1,970	482	473	-1.9
WI	1,257	1,243	1,540	1,545	1,936	1,920	-0.8
20 STATE TOTAL	7,787	7,716	1,671	1,684	13,013	12,994	-0.1

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

**SOURCE:** "Milk Production," Da 1-1 (6-04), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

## FEDERAL MILK ORDER PRICE AND POOL SUMMARY, MAY

**HIGHLIGHTS** -- Handler reports of receipts and utilization under the Federal milk order system for May have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During May, about 6.9 billion pounds of milk were received from producers. This volume of milk is 37.9 percent lower than the May 2003 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is -2.3 percent.) About 3.5 billion pounds of producer milk were used in Class I products, 10.5 percent lower than the previous year. Calendar composition had a negative impact on milk used in Class I in 2004 as compared to 2003. The all-market average Class utilization percentages were; Class I = 50%, Class II = 18%, Class III = 10%, and Class IV = 22%. The weighted average statistical uniform price was \$19.34 per cwt., \$2.86 higher than last month, and \$8.42 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF MAY 2004										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,895.0	-12.9	848.2	-7.5	45	20	17	18	19.84
Appalachian (Charlotte)	005 <u>3/</u>	516.9	-6.1	331.7	-9.3	64	15	2	19	20.18
Southeast (Atlanta)	007	615.9	-1.4	354.9	-8.9	57	14	12	17	20.27
Florida (Tampa)	006	260.9	-0.3	197.5	-4.6	76	8	10	6	22.23
Midwest (Cleveland)	033 <u>3/</u>	919.1	-40.1	501.6	-10.8	55	26	5	14	18.99
Upper Midwest (Chicago)	030 <u>3/</u>	662.6	-65.8	352.4	-1.7	53	17	5	25	18.61
Central (Kansas City)	032 <u>3/</u>	652.0	-55.9	330.0	-17.7	51	21	3	25	18.40
Southwest (Dallas)	126 <u>3/</u>	672.0	-29.5	317.7	-6.4	47	18	1	34	18.67
Arizona-Las Vegas (Phoenix)	131	248.0	-12.4	72.7	-11.1	29	7	43	21	19.36
Western (Salt Lake City)	135 <u>5/</u>	----	---	---	---	---	---	---	---	---
Pacific Northwest (Seattle)	124 <u>3/</u>	439.5	-31.6	168.8	-6.4	38	9	3	50	17.40
<b>ALL MARKET AVERAGE OR TOTAL</b>	<u>3/</u>	6,881.9	-37.9	3,475.5	-10.5	50	18	10	22	19.34

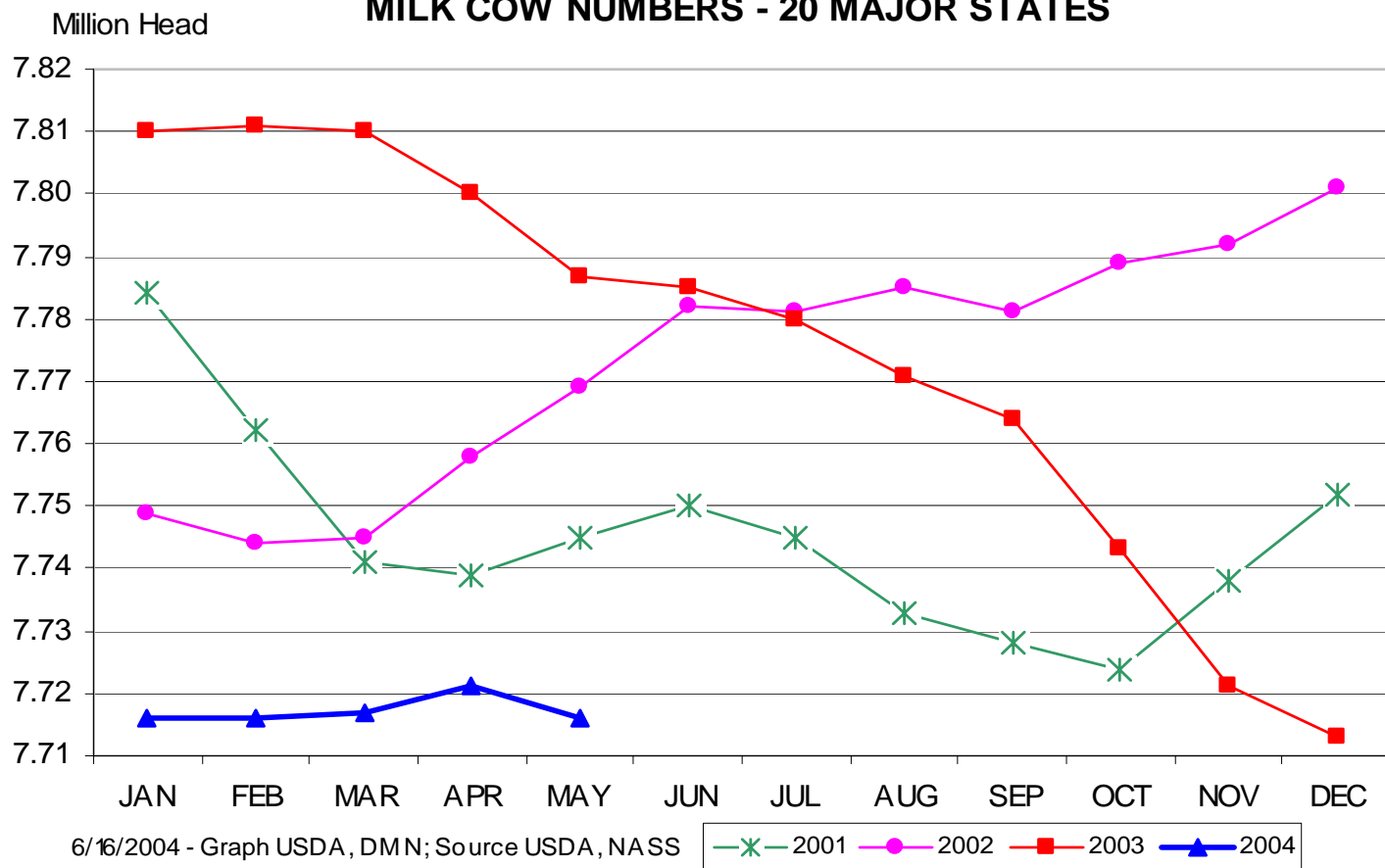
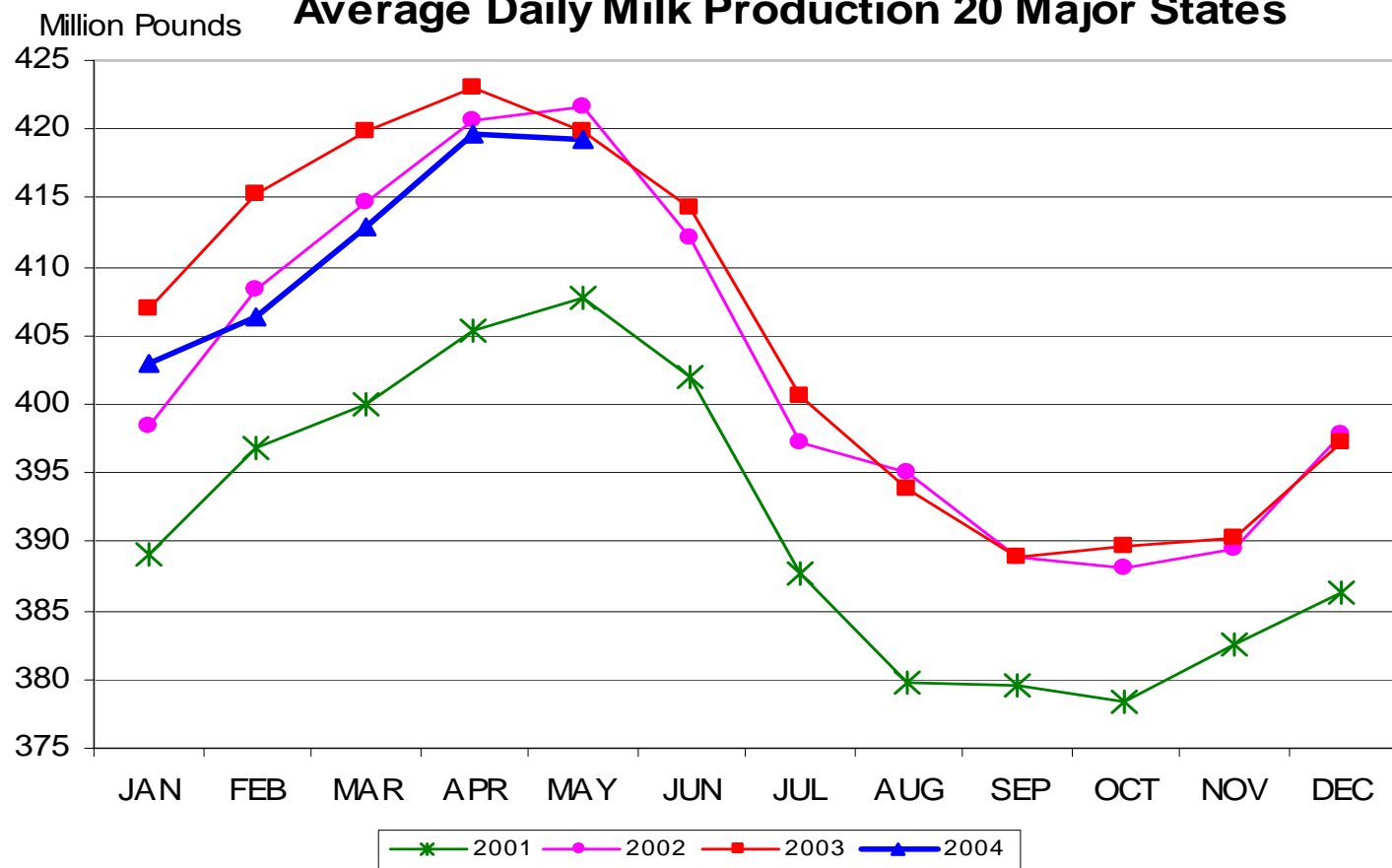
1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 3.5 billion pounds of milk that normally would have been associated with these markets. In May 2003, the estimated not-pooled volume of milk was 165 million pounds, occurring in Order Nos. 030 and 032. After adjusting for these not-pooled volumes, and milk pooled on the Western ( see 5/) market during May 2003, the year-to-year percent change is -2.3.

4/ Less than 0.5 percent.

5/ Effective April 1, 2004, the Western Milk Marketing Order was terminated.

**MILK COW NUMBERS - 20 MAJOR STATES****Average Daily Milk Production 20 Major States**

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JUNE 14 - 18, 2004			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 06/11/04	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-42,309	11,487,236	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	1,723,680	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-42,309	13,210,916	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	3,840,106	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	5,545,706	-0-	-0-
Process	-0-	-0-	-0-	-0-	31,323,600	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	40,709,412	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	5,867,036#	-0-	5,867,036	301,162,811#\$	504,614,824	677,646,000	1,288,629,000
Fortified	-0-	-0-	-0-	-119,048	125,332	46,391,000	46,391,000
<b>TOTAL</b>	5,867,036#	-0-	5,867,036	301,043,763#\$	504,740,156	724,037,000	1,335,020,000

# Export Donation Program under Invitation 080 to announcement FMPl. The estimated cumulative under Invitation 080 is 59,861,389. \$ Includes export donation deliveries under Invitation 070.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 14 - 18, 2004 =	1.3	68.3	COMPARABLE PERIOD IN 2003 =	3.9	117.8
CUMULATIVE SINCE OCTOBER 1, 2003 =	65.3	3,504.1	CUMULATIVE SAME PERIOD LAST YEAR =	774.8	6,279.8
CUMULATIVE JANUARY 1 - JUNE 18, 2004 =	39.8	2,154.9	COMPARABLE CALENDAR YEAR 2003 =	700.7	5,014.2

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JUNE 14 - 18, 2004 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	5,867,036	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/03 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2003/04	2002/03	2003/04	2002/03	2003/04	2002/03	2003/04	2002/03
CENTRAL	-0-	-0-	-0-	31,535,172	7,646,276	19,559,175	2.6	38.1
WEST	-42,309	13,210,916	-0-	9,174,240	289,113,713	448,607,734	96.0	60.8
EAST	-0-	-0-	-0-	-0-	4,283,774	36,573,247	1.4	1.0
<b>TOTAL</b>	-42,309	13,210,916	-0-	40,709,412	301,043,763	504,740,156	100.0	100.0

NDM SELLBACK TO THE TRADE The cumulative sellback total for 2004 is **66,666,155 pounds**.

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/29/04 & Comparable Week 2003

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2004-Dairy	0.1	0.7	6.7	2.0	18.1	1.9	0.7	0.6	10.5	2.0	43.4	1,017.5
2003-Dairy	0.2	0.7	5.6	4.5	16.2	2.1	0.3	0.7	11.7	2.1	44.1	1,224.9
2004-All cows	0.2	0.8	8.3	10.8	29.9	17.4	14.5	2.9	13.2	5.5	103.3	2,140.4
2003-All cows	0.2	0.9	7.5	13.6	26.0	17.6	13.2	3.2	14.0	5.4	101.5	2,510.3

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87

FEDERAL MILK ORDER CLASS PRICES FOR 2004 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.85	11.59	11.94	13.64	19.65	21.13	17.95					
II	11.67	12.90	14.79	15.21	15.03							
III	11.61	11.89	14.49	19.66	20.58							
IV	10.97	12.21	14.10	14.57	14.50							

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfmoms/mib/cis\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfmoms/mib/cis_prod_cmp_pr.htm)